

HRMS Statewide Audit

FMAC

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HRMS Audit Response

- OFM, DOP, DIS worked together to plan as summarized in joint letter to agency directors
- Requires a statewide response involving DOP, OFM, DIS, and Agencies
 - Both single agency and joint solutions
 - Both system and process focused solutions
 - Both low- and high-cost solutions
 - Both short-term and long-term solutions
 - Many recommendations in the audit report have high cost of implementation with potential impact to agencies' staffing needs
- Six agencies provided assistance to OFM with data and information on their work flows, processes, and forms



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Summary of Finding 1 and Status

Too many state employees have access to critical functions within HRMS ("critical authorizations")

- No fraud was identified
- Centralized critical authorizations
 - With SAO input, DOP is implementing specialized centralized payroll-processing roles to remove excessive access
 - OFM & DOP reviewed and modified centralized roles/privileges for OFM staff
 - Next Steps:
 - DOP & OFM are evaluating funding options for automated tools recommended by the auditors
 - Developing estimates for system-based audit log functionality



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Summary of Finding 1 and Status

■ De-centralized (agency) critical authorizations

- DOP and OFM:
 - Collaborating on a planned review of all decentralized roles and potential changes' impacts to agencies
 - Looked at roles where most work is done
 - Results will inform future work
- OFM and agencies:
 - Next steps: Working with agencies to determine what authorizations are minimally necessary to accomplish business objectives
- Agency:
 - Only assign roles as necessary
 - Next steps: Provide input as potential role changes are identified



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Finding 1 Agency Suggestions

■ Reduce number of employees with Critical Authorizations:

- An individual without personnel/payroll access should periodically review employees' HRMS access and limit assignment of critical authorization roles both individually and in combination.
 - Our review found that in many cases, inquiry roles could be assigned instead of update roles.
 - In a small agency, the director might do this review, especially if he or she does not have HRMS access themselves.
- All agencies, including small ones, should have procedures in place to remove access when an individual changes positions or leaves the agency.



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Finding 1 Agency Suggestions

■ Reduce number of employees with Critical Authorizations:

- Consider assigning existing Time and Attendance Processors as the backup for Time and Attendance Processors in other areas of the agency instead of assigning access to additional users.
- Consider assigning existing Payroll Processors as the backup for Payroll Processors in other areas of the agency instead of assigning access to additional users.



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Summary of Finding 2 and Status

Many staff in payroll offices have too much system access ("segregation of duties")

■ DOP:

- With SAO input, DOP is implementing special centralized payroll-processing roles for our staff

■ DOP and OFM:

- Collaborating on a planned review of all decentralized roles and potential changes' impacts to agencies



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Summary of Finding 2 and Status

■ OFM:

- Developing best practices on segregation of duties, role assignment, and other internal control activities
- Next steps: refine best practices, post to resource web site, and incorporate into training

■ Agency:

- SAAM assigns responsibility to agencies for design and implementation of adequate internal control systems.
- Agencies to consider best practices
 - Internal policy
 - External guidance



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Finding 2 Agency Suggestions

■ Segregation of Duties Actions:

1. Individuals responsible for hiring, terminating and approving promotions should not be directly involved in preparing payroll or personnel transactions or inputting data.
 - Separating payroll and personnel duties is important and should be done whenever possible.
 - Monitoring is essential when this separation cannot be maintained.
2. Individuals with security roles should not be assigned other update roles.
 - Monitoring role change activity is always important and more so when this separation cannot be maintained.
3. Individuals involved in payroll data entry should not have payroll approval authority or security update access.



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Finding 2 Agency Suggestions

■ Segregation of Duties Actions:

4. Individuals who are part of the payroll staff should not normally enter changes to their own data files.
 - Agencies (including small agencies) should develop a policy that defines
 - When this may happen
 - Documentation and monitoring that is required
5. Consider assigning existing Time and Attendance Processors as the backup for Time and Attendance Processors in other areas of the agency instead of assigning access to additional users.



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Finding 2 Agency Suggestions

■ Segregation of Duties Actions:

6. Individuals responsible for reviewing payroll variances should not have the access needed to change employee salary data or security update access.
 - The report run for approval should be run by someone without access to change employee data. It may be run by the person who is approving it.
7. Individuals responsible for approving the payroll register should not have the access needed to change employee salary data or security update access.
 - The report run for approval should be run by someone without access to change employee data. It may be run by the person who is approving it.



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Finding 2 Agency Suggestions

■ Segregation of Duties Actions:

8. Individuals responsible for processing payroll should not have the access needed to add individuals to or delete them from HRMS or update security access.
9. Consider assigning existing Payroll Processors as the backup for Payroll Processors in other areas of the agency instead of assigning access to additional users.
10. As our work is further developed, we plan to provide a "hit-list" of the most commonly used combinations of roles that may cause segregation of duties issues.



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Finding 2 Agency Suggestions

- Segregation of Duties Actions:
- What about small agencies who do not have the personnel for "textbook" segregation of duties?
 - Maintain segregation to the extent possible
 - Separate payroll and personnel duties
 - Remove access when staff change positions or leave the agency
 - Managerial review is a valid and vital compensating control
 - In a small agency, anomalies are easier to spot
 - Monitor changes staff makes to their own records
 - Review and approve the payroll register and payroll variance reports



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Summary of Finding 3 and Status

Data changes aren't approved by supervisors before being processed within HRMS; supervisors aren't reviewing changes made

- DOP and OFM:
 - Evaluating usability of Logged Changes in Infotype Data, CATS_DA, etc. for potential changes (along with agency and user group input)
 - Next Steps:
 - Incorporate information into HRMS training courses
 - DOP to evaluate potential system-delivered functionality to require approval of transactions entered
 - Measure agency impact of any changes



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Summary of Finding 3 and Status

- Agency:
 - Design and implement internal control systems that include:
 - Properly authorized source documentation
 - Supervisory review of source documentation to system entry



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Summary of Finding 4 and Status

- HRMS doesn't have an off-site hot backup site.
 - DOP and DIS developed a data recovery & business continuity plan
 - Next Step: Researching potential funding options



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Summary of Finding 5 & Status

- Manual processes should be automated.
 - Specific manual processes identified:
 - Mid-period transfer benefit cost appropriation to agencies
 - Comp time cash outs in accordance with each CBA
 - PID updates
 - Annual leave eligibility date calculation
 - Accrual of leave when employee separates 2nd half of a month
 - Accruals when leave is earned
 - Notification to OST of payment cancellation
 - Next Steps: DOP will continue to evaluate newly available functionality to fulfill recommended controls, but custom development is not industry best-practice



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Conclusion

- The HRMS system is complex
- HRMS users are diverse
- Corrective action will take many forms and will involve everyone
- Questions?



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